

**FINANCIAL AUDIT OF THE  
Island School**

**June 30, 2015**

**EXHIBIT "5"**

**Island School**

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**SONODA & ISARA, LLP**  
Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
Island School

We have audited the accompanying financial statements of Island School (a nonprofit organization) which comprise the statement of financial position as of June 30, 2015, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation on the financial statements in order to design audit procedures in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Island School as of June 30, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenses on page 18 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Sonoda & Isara, LLP

A handwritten signature in black ink, appearing to read "Sonoda & Isara, LLP", written in a cursive style.

Honolulu, Hawaii  
February 17, 2016

**Island School**  
**STATEMENT OF FINANCIAL POSITION**  
**June 30, 2015**

**ASSETS**

**CURRENT ASSETS**

Cash		\$ 1,271,205
Tuition receivable	\$ 2,106,032	
Other receivables	2,036	
Less allowance for doubtful accounts	<u>(40,000)</u>	2,068,068
Due from plant fund		10,000
Deferred financial assistance		707,770
Prepaid expenses		92,631
Inventories		<u>6,650</u>
Total current assets		4,156,324

**PROPERTY AND EQUIPMENT**

Land and improvements		1,947,661
Buildings and improvements		9,203,335
Furniture and equipment		1,496,008
Other		22,662
Construction in progress		<u>368,835</u>
		13,038,501
Less accumulated depreciation		<u>(4,450,018)</u>
		<u>8,588,483</u>

**INVESTMENTS**

		<u>934,771</u>
Total assets		<u><u>\$ 13,679,578</u></u>

See accompanying notes and independent auditor's report

**Island School**  
**STATEMENT OF FINANCIAL POSITION (CONTINUED)**  
**June 30, 2015**

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts payable and accrued expenses	\$ 42,320
Accrued payroll and benefits	236,408
Due to operations	10,000
Deferred tuition and fees	4,126,041
Other deferred deposits	40,609
Current portion of long-term debt	<u>22,602</u>
Total current liabilities	<u>4,477,980</u>

**LONG-TERM LIABILITIES**

Note payable	<u>47,567</u>
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**NET ASSETS**

Unrestricted	8,001,973
Temporarily restricted	538,668
Permanently restricted	<u>613,390</u>
	<u>9,154,031</u>

Total liabilities and net assets	<u>\$ 13,679,578</u>
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See accompanying notes and independent auditor's report

**Island School**  
**STATEMENT OF ACTIVITIES**  
**Fiscal Year Ended June 30, 2015**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>REVENUES AND OTHER SUPPORT</b>				
Tuition (net of financial assistance of \$768,000)	\$ 4,218,209	\$ -	\$ -	\$ 4,218,209
Donations and grants	65,802	330,168	7,113	403,083
Class and club revenues	-	224,417	-	224,417
Revenues from fundraising events and special projects (net of expenses of \$112,156)	84,203	-	-	84,203
Lunch sales (net of expenses of \$61,882)	24,276	-	-	24,276
Dividends and interest	1,453	33,183	-	34,636
Realized and unrealized loss on investments	-	(20,978)	-	(20,978)
Rental income	21,750	-	-	21,750
Other	257,145	-	-	257,145
Net assets released from restrictions	556,274	(556,274)	-	-
<b>TOTAL REVENUE AND OTHER SUPPORT</b>	<u>5,229,112</u>	<u>10,516</u>	<u>7,113</u>	<u>5,246,741</u>
<b>EXPENSES</b>				
Program services	4,555,009	-	-	4,555,009
Management and general	889,874	-	-	889,874
<b>TOTAL EXPENSES</b>	<u>5,444,883</u>	<u>-</u>	<u>-</u>	<u>5,444,883</u>
<b>INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS</b>	(215,771)	10,516	7,113	(198,142)
<b>NET ASSETS AT BEGINNING OF YEAR</b>	8,217,744	431,767	606,277	9,255,788
Prior period adjustment	-	96,385	-	96,385
<b>NET ASSETS AT BEGINNING OF YEAR (RESTATED)</b>	<u>8,217,744</u>	<u>528,152</u>	<u>606,277</u>	<u>9,352,173</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 8,001,973</u>	<u>\$ 538,668</u>	<u>\$ 613,390</u>	<u>\$ 9,154,031</u>

See accompanying notes and independent auditor's report

**Island School  
STATEMENT OF CASH FLOWS  
Fiscal Year Ended June 30, 2015**

<b>OPERATING ACTIVITIES</b>	
Decrease in net assets	\$ (198,142)
Adjustment to reconcile decrease in net assets to net cash provided by operating activities:	
Depreciation	313,560
Below-market loan amortization	14,054
Bad debt expense	97,426
Realized and unrealized capital (gains) losses	20,978
Change in operating assets and liabilities:	
Increase/decrease in net receivables	(352,151)
Increase/decrease in due from plant fund	(10,000)
Increase/decrease in deferred financial aid	(86,500)
Increase/decrease in prepaid expenses	20,589
Increase/decrease in inventories	3,691
Increase/decrease in accounts payable and accrued expenses	1,861
Increase/decrease in accrued payroll	(26,218)
Increase/decrease in due to operations	10,000
Increase/decrease in prepaid school fees	248,601
Increase/decrease in other deferred deposits	<u>(681)</u>
Net cash provided by operating activities	<u>57,068</u>
<b>INVESTING ACTIVITIES</b>	
Purchases of property and equipment	(131,442)
Net purchases of investments	(169,133)
Proceeds from sale of investments	<u>156,827</u>
Net cash used in investing activities	<u>(143,748)</u>
<b>FINANCING ACTIVITIES</b>	
Payments toward notes payable	<u>(37,500)</u>
Net cash used in financing activities	<u>(37,500)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(124,180)
Cash and cash equivalents at beginning of year	<u>1,395,385</u>
Cash and cash equivalents at end of year	<u><u>\$ 1,271,205</u></u>

See accompanying notes and independent auditor's report

**Island School**  
**NOTES TO FINANCIAL STATEMENTS**  
**Fiscal Year Ended June 30, 2015**

**NOTE A - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING  
POLICIES**

**Nature of organization:**

Island School is a private nonprofit organization. Incorporated on February 9, 1976, under the laws of the State of Hawaii, Island School teaches Kauai children in Pre-kindergarten, Kindergarten and Grades 1-12. Approximately 375 students were enrolled at the conclusion of the School year ended June 30, 2015. The School operates at a 38.5 acre campus in Puhii, Kauai, Hawaii.

**Principle of accounting:**

The financial statements have been prepared on the accrual basis of accounting and in conformity with the standards promulgated by the American Institute of Certified Public Accountants in its audit guide for not-for-profit organizations.

**Financial statement presentation:**

The School is required to report information regarding its financial position and activities according to three classes of net assets: Unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net asset - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the School and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the School. Generally, the donors of these assets permit the School to use all or part of the income earned on any related investments for general or specific purposes.

**Contributions:**

Contributions, including unconditional promises to give, are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give due in the next year are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reported at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are to be received.

**Island School**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**Fiscal Year Ended June 30, 2015**

**NOTE A - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING  
POLICIES (CONTINUED)**

**Investments:**

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position. Unrealized gains and losses are included in the statement of activities.

**Tuition receivables:**

Tuition receivables includes student tuition fees. The tuition receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible accounts base on its assessment of the current status of individual accounts.

**Property and equipment:**

If an expenditure results in an asset with an estimated useful life of five years or more, and/or was acquired or produced for a cost of \$50,000 or more, the expenditure is capitalized and depreciated or amortized over the estimated useful life of the asset.

Property and equipment are recorded at cost or, if donated, at fair value at the time of donation. Depreciation is provided for under the straight-line method over the following estimated useful lives:

Furniture and equipment	5-10 years
Buildings	40 years

**Income taxes:**

The School has obtained tax exempt status under Internal Revenue Code Section 501 (c)(3) and application state law.

The Organization's federal Form 990 for 2013, 2014, and 2015 are subject to examination by the IRS, generally for 3 years after they were filed.

**Statement of cash flows:**

Cash equivalents, if any, reflected in the Statement of Cash Flows include certificates of deposit and other investments with original maturities of three months or less.

**Donated materials and services:**

Donated materials and equipment are reflected as contributions in the accompanying financial statements at their estimated fair values at date of donation. No amounts

**Island School**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**Fiscal Year Ended June 30, 2015**

**NOTE A - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING  
POLICIES (CONTINUED)**

have been reflected in the statements for donated services inasmuch as no objective basis is available to measure the value of such services and these services do not meet recognition criteria.

**Allocated costs:**

Expenses by function have been allocated among program and supporting services classifications on the basis of actual expenditures and on estimates made by the School's management.

**Tuition:**

Revenues from tuition are recognized monthly. The School's enrollment agreement states that the parents are committed to tuition for the entire school year whether or not the child remains enrolled for the full year. Parents are allowed to select from three payment plans.

Delinquent accounts are charged to bad debt expense as they are deemed uncollectible based upon a periodic review of the accounts and collection efforts.

**Deferred revenues:**

Deferred revenues results from the School recognizing registration and tuition revenue in the period in which the related educational instruction is performed. Accordingly, tuition and fees for the next school year are deferred until instruction commences.

**Advertising costs:**

The School expenses nondirect-response advertising costs as they are incurred and no direct-response advertising costs were incurred.

**NOTE B - MANAGEMENT'S USE OF ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Island School**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**Fiscal Year Ended June 30, 2015**

**NOTE C - INVESTMENTS**

Investments consist of mutual fund investments and certificates of deposit stated at market value according to broker statements and consist of the following at June 30, 2015:

	Cost	Market Value	Cumulative Unrealized Gain(Loss)
Mutual funds - fixed income	\$ 369,246	\$ 362,910	\$ (6,336)
Mutual funds - equity	483,122	571,861	88,739
	\$ 852,368	\$ 934,771	\$ 82,403

The mutual fund investments represents endowments permanently restricted and include undistributed temporarily restricted investment earnings. Earnings from the certificates of deposit are classified as unrestricted.

Earnings consisted of the following:

Mutual funds - dividends and interest	\$ 33,183
Mutual funds - realized loss	(3,266)
Mutual funds - unrealized loss	(17,712)
	\$ 12,205

**NOTE D - PENSION PLAN**

The School's employees participate in a retirement plan established pursuant to Section 403 (b) of the Internal Revenue Code, (IRC). All full time employees with one year of service are eligible to participate and they may contribute a percentage of their gross wages subject to IRC limitations. The School accrued a contribution of 2% of eligible employees' compensation for the plan year ended June 30, 2015 in the amount of \$50,907.

**NOTE E - UNINSURED CASH BALANCES**

As of June 30, 2015, cash and certificates of deposit held in certain financial institutions exceeded the institutions' \$250,000 federal depository insurance coverage limit by \$771,605.

**Island School**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**Fiscal Year Ended June 30, 2015**

**NOTE F - NOTES PAYABLE**

In October, 2008, the School received a \$300,000 interest-free note payable to the Kauai Island Utility Cooperative as part of federal program administered by the U.S. Department of Agriculture. The note is secured by a stand-by letter of credit for \$300,000. The note is payable in monthly installments of \$3,125 commencing October, 2010 and ending in September, 2018.

In accordance with generally accepted accounting principles, the note payable was discounted based on the fair market value of the loan at a rate of 6% per annum. The original discount of \$132,500 was recorded as a temporally restricted contribution during the fiscal year ended June 30, 2010. The discount is to be amortized over the life of the loan as interest expense. During the current fiscal year \$14,054 was amortized.

Current maturities, net of amortized discounts are as follows:

<u>Fiscal Year Ended</u>	<u>Note Payable</u>	<u>Interest Amortization</u>	<u>Total</u>
6/30/2016	37,500	(14,898)	22,602
6/30/2017	37,500	(15,791)	21,709
6/30/2018	37,500	(16,739)	20,761
6/30/2019	9,375	(4,278)	5,097
	<u>\$ 121,875</u>	<u>\$ (51,706)</u>	<u>\$ 70,169</u>

The School also has a \$525,000 revolving line of credit, of which \$525,000 remained unused at June 30, 2015. Advances are payable on demand and carry an interest rate of 1.25% above the bank's prime rate. At June 30, 2015, the effective interest rate was 5.625%. The credit line is secured by substantially all assets of the School.

**NOTE G - NET ASSETS**

Temporarily restricted net assets are released from donor restrictions primarily by incurring expenses that satisfy the restricted purposes. Net assets of released from restriction in the fiscal year ended June 30, 2015, were for program expenditures and facility improvements.

**Island School**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**Fiscal Year Ended June 30, 2015**

**NOTE G - NET ASSETS (CONTINUED)**

At June 30, 2015, temporarily restricted net assets consisted of contributions and grants, which are restricted for various purposes by the donors as follows:

Below-market loan discount	\$ 51,706
Financial aid and professional development (endowment fund)	346,582
Classroom and club funds	129,367
Other grants	11,013
	<u>\$ 538,668</u>

Permanently restricted net assets consist of endowment fund assets to be held indefinitely. The income is to be used to support financial aid and professional development.

**NOTE H - ENDOWMENTS**

The School's endowment consists of approximately 17 individual funds established for a variety of purposes. Its endowment includes both donor-restricted funds and funds designated by the Board of Directors to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the School has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the School classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the School in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the School considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted

**Island School**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**Fiscal Year Ended June 30, 2015**

**NOTE H - ENDOWMENTS (CONTINUED)**

endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the School, and (7) the School's investment policies.

*Investment Return Objectives, Risk Parameters and Strategies.* The School has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of up to 5%, while growing the funds if possible. Therefore, the School expects its endowment assets, over time, to produce an average rate of return of approximately 8% annually. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

*Spending Policy.* The School has a policy of appropriating for distribution each year up to 5% of its endowment fund's average fair value of the prior 12 quarters through the calendar year-end preceding the fiscal year in which the distribution is planned. In establishing this policy, the School considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation. The School expects the current spending policy to allow its endowment funds to grow at a nominal average rate of 4% annually. This is consistent with the School's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through new gifts and investment return.

**Island School**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**Fiscal Year Ended June 30, 2015**

**NOTE H - ENDOWMENTS (CONTINUED)**

Endowment Net Asset Composition by Type of Fund as of June 30, 2015 is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Net Endowment Assets</u>
Donor-restricted endowment funds	\$ -	\$ 346,582	\$ 613,390	\$ 959,972
Board-designated endowment funds	-	-	-	-
	<u>\$ -</u>	<u>\$ 346,582</u>	<u>\$ 613,390</u>	<u>\$ 959,972</u>

Changes in endowment net assets as of June 30, 2015 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Net Endowment Assets</u>
Endowment net assets, beginning of year	\$ -	\$ 362,377	\$ 606,277	\$ 968,654
Contributions	-	-	7,113	7,113
Investment income	-	29,917	-	29,917
Net appreciation (depreciation)	-	(17,712)	-	(17,712)
Other reclassifications	-	-	-	-
Amounts appropriated for expenditure	-	(28,000)	-	(28,000)
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 346,582</u>	<u>\$ 613,390</u>	<u>\$ 959,972</u>

**NOTE I - FAIR VALUE MEASUREMENTS**

FASB ASC Topic 820, *Fair Value Measurements and Disclosures*, establishes a hierarchy for ranking the quality and reliability of information used to determine fair values and requires assets and liabilities carried at fair value to be classified and disclosed in one of the following three categories:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Board has the ability to access at the measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly through corroboration with observable market data.
- Level 3: Unobservable inputs that are not corroborated by market data.

**Island School**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**Fiscal Year Ended June 30, 2015**

**NOTE I - FAIR VALUE MEASUREMENTS (CONTINUED)**

The fair values of financial assets are the same as their cost basis. The fair values of financial liabilities are the same as their cost basis generally because management believes that any discount on early extinguishment would be insignificant. The fair values of investments are recorded based on quoted prices in active markets (Level 1). The financial statements as of and for the year ended June 30, 2015 do not include any nonrecurring fair value measurements.

**NOTE J - PRIOR PERIOD ADJUSTMENT**

During the year, the School began recognizing its individual class and club funds as part of its Statement of Activities. The effects of this change was to increase beginning temporarily restricted net assets by \$96,385, which is the amount of the deferred balance at the beginning of the year.

**NOTE K - SUBSEQUENT EVENTS**

Subsequent events were evaluated to February 17, 2016, which was the date the financial statements were available to be issued.

**Island School  
SUPPLEMENTAL SCHEDULE OF EXPENSES  
Fiscal Year Ended June 30, 2015**

<b>Program Services</b>	<u><b>Total</b></u>
Salaries and Benefits	
Salaries and wages	\$ 2,831,741
Employee benefits	409,042
Payroll taxes	237,876
Other personnel costs	216,544
Substitutes	53,989
	<u>3,749,192</u>
Occupancy	
Utilities	108,521
Janitorial services	87,342
Repairs and maintenance	50,412
Refuse	17,465
	<u>263,740</u>
Program and Professional	
Class and club expenses	210,161
Program supplies and activities	172,505
In-staff development	41,322
Stipends	24,080
	<u>448,068</u>
Cafeteria	
Food and supplies	<u>14,770</u>
Transportation	
Vehicle maintenance	<u>79,239</u>
	<u><u>\$ 4,555,009</u></u>
 <b>General and Administrative</b>	
Depreciation	\$ 313,560
Equipment maintenance and repair	109,623
Bad debts	97,426
Bank fee	89,374
Insurance	44,867
Payroll and accounting service	41,907
Miscellaneous	36,802
Public relations	34,175
Board of Directors	29,952
Office supplies	18,928
Interest	14,054
Development	12,628
Staff recruitment	11,937
Parent Association	10,944
Postage	7,762
Equipment lease and rental	7,280
Telephone	4,490
General excise tax	4,165
	<u>889,874</u>
	<u><u>\$ 889,874</u></u>

See accompanying notes and independent auditor's report